

HALF YEAR INTERIM REPORT

Period from January 2014 to June 2014

PEPTONIC medical AB (publ) org nr 556776-3064

(www.aktietorget.se ticker: PMED)

2014 SECOND QUARTER (Apr-Jun)

- Net sales none
- Operating loss KSEK -2,404 (-1,113)
- Loss per share SEK -0.35 (-4.57)

FIRST HALF YEAR 2014 (Jan-Jun)

- Net sales none
- Operating loss KSEK -3,678 (-2,482)
- Loss per share SEK -0.54 (-10.20)

IMPORTANT EVENTS DURING THE PERIOD

- The Company completed a rights issue and applied for listing on AktieTorget stock exchange.
- Nadia Whitley was appointed to the Board of Directors.
- Net proceeds from one private placement were SEK 6.9 million during the first quarter.
- Proceeds from a private placement in May and a rights issue in June were SEK 22 million before commission costs.

IMPORTANT EVENTS AFTER THE END OF THE PERIOD

- Trading of PEPTONIC medical's share on AktieTorget started on 2nd July 2014.
- Total numbers of shares in the company amounted to 7,971,054, as of August 11, 2014.

From the CEO

We have successfully concluded a rights issue in conjunction with the IPO and listed Peptonic Medical on the AktieTorget stock exchange. It has been an intensive period for all parties involved. However, we are happy to note that the company now has more than 250 shareholders and that we were able to raise close to SEK 22.5 million through a combination of one private placement during May and rights issue in June. At present, planning for the Phase 2b study is its highest priority. According to the time plan, we expect the first subjects to be enrolled in October this year. In total, 240 subjects will be enrolled and we have commissioned five clinical centres to carry out the tests. By working with clinical centres in Sweden only, we will have tighter cost control and a more homogenous pool of patients to select from and less variation in patient and data management. This study will run until June 2015, and initial results are expected in August 2015.

The strategy of the company is to find a partner to take responsibility for the phase 3 clinical studies. In the pharmaceutical industry, it is common for larger companies to acquire the commercial rights to a product in development and to take over the cost and the responsibility for development and regulatory approval of the product together with part or all of its subsequent commercialization. Peptonic has initiated partnering discussions with a number of candidate companies, with a view to secure a suitable partnership for Vagitocin as soon as possible.

During the autumn the company intends to make plans for developing oxytocin based products for indications beyond vaginal atrophy. These are indications for which the company either already has patents or where it is confident that additional intellectual property can be generated.

Stockholm August 13th, 2014

Dan Markusson

CEO, PEPTONIC medical AB

COMPANY BRIEF

PEPTONIC medical is an innovative Swedish pharmaceutical company developing oxytocin based products e.g. for the treatment of menopausal symptoms, such as vaginal atrophy. Oxytocin has a long history of safe and effective medical use and offers an alternative to estrogen and estrogen-like acting compounds for menopausal and postmenopausal women. PEPTONIC medical's mission is to develop safe and effective drugs based on the known beneficial properties of oxytocin.

FINANCIAL INFORMATION

Net sales – Currently the company has no sales.

Costs – Costs for the second quarter were KSEK -2,404 (-1,113). Costs for the first half year were KSEK -3,678 (-2,482).

Result – Loss before tax for the second quarter was KSEK -2,404 (-1,113). Loss before tax for the first half year was KSEK -3,678 (-2,482).

Financial position and liquidity – Liquid assets were KSEK 9,972 (4,618) as of June 30, 2014. The company received KSEK 12,985 in August 2014, from the rights issue in June 2014. During the first half year the company received KSEK 16,249 from new share issues.

Equity – The equity amounted to KSEK 49,419 (26,176) as of June 30, 2014. 97 (87) percent of which is shareholders funds.

Organization – The average number of employees during the period was 1 (1). At the end of the period the number of employees was 1 (1).

Share – Total numbers of shares in the company amounted to 6,824,318, as of June 30, 2014.

INCOME STATEMENT

KSEK	Note	3 months Apr-Jun 2014	3 months Apr-Jun 2013	6 months Jan-Jun 2014	6 months Jan-Jun 2013	12 months Jan-Dec 2013
Operating income						
Other operating income		-	-	-	-	-
Total operating income		-	-	-	-	-
Operating expenses						
Other external expenses	1	-1,850	-632	-2,646	-1,384	-3,656
Personnel costs		-554	-481	-1,032	-1,098	-2,007
Depreciation		-	-	-	-	-8
Total operating expenses		-2,404	-1,113	-3,678	-2,482	-5,671
Operating loss		-2,404	-1,113	-3,678	-2,482	-5,671
Net financial income/expense		-	-	-	-	-52
Loss before taxes		-2,404	-1,113	-3,678	-2,482	-5,619
Taxes		-	-	-	-	-
Net loss for the period		-2,404	-1,113	-3,678	-2,482	-5,619

BALANCE SHEET

KSEK	Note	June 30 2014	June 30 2013	Dec 31 2013
Assets				
Non-Current assets				
Intangible assets	2	27,129	21,509	25,368
Tangible assets		-	8	-
Financial assets		-	3,200	-
Total non-current assets		27,129	24,717	25,368
Current assets				
Raw materials and consumables		25	63	63
Ongoing right issues		12,985	-	-
Other receivbles		551	431	337
Tax receivable		75	14	79
Prepaid expenses and accrued income		100	109	45
Liquid assets		9,972	4,618	7,410
Total current assets		23,708	5,235	7,934
Total assets		50,837	29,952	33,302
Equity and liabilities				
Equity				
Ristricted equity				
Share capital		683	243	274
Ongoing right issues		12,985	12,160	6,645
Non- restrictes equity				
Share premiu reserv non-restricted		62,236	33,003	46,356
Profit or loss brought forward		-22,807	-16,748	-16,748
Net loss for the period		-3,678	-2,482	-5,619
Total equity	3	49,419	26,176	30,908
Non-current liabilities				
Convertible promissory note		-	500	-
Current liabilities				
Trade payables		1,085	557	1,453
Other payables		147	252	143
Prepaid income and accrued expenses		186	2,467	798
Total current liabilities		1,418	3,276	2,394
Total equity and liabilities		50,837	29,952	33,302

NOTE

Accounting principles

This interim report has been prepared in accordance with the Annual Accounts Act (Chapter 9. Interim Report) and the Swedish Accounting Standards Board's general advice, BFNAR 2012:1 Annual Report and consolidated (K3-rules).

Note 1 – Related-party transactions

During the period companies represented by members of the Board of Directors were contracted as consultants. Total compensation for consultancy services amounted to KSEK 680 (260) and is related to R&D-services. All transactions between related parties are based on market conditions. No other key executives or their immediate family members have been directly or indirectly involved in any business transaction with the Company that is or was unusual in its character or terms and conditions and took place during the period.

	2014	2013	2013
	Jan-Jun	Jan-Jun	Jan-Dec
KSEK			
Consulting fees Board of Directors	680	260	866
Total	680	260	866

Note 2 – Intangible assets

Research, development and patent costs are capitalized. Depreciation has not yet started, and the company intends to depreciate capitalized costs to meet future revenues over time. Research, development and patent costs are stated at acquisition value in the balance sheet.

	June 30	June 30	Dec 31
	2014	2013	2013
Capitalized development costs			
Accumulated acquisition value			
Opening balance	20,132	16,925	16,925
Capitalizations during the period	1,301	2,758	3,207
	<u>21,433</u>	<u>19,683</u>	<u>20,132</u>
No depreciation has been made as no income has been acquired	-	-	-
Net booked amount at end of period	21,433	19,683	20,132
Patents och licenses			
Accumulated acquisition value			
Opening balance	5,236	1,744	1,744
Capitalizations during the period	460	82	292
Reclassifications do to exchange of shares to patent rights	-	1,826	3,200
	<u>5,696</u>	<u>1,826</u>	<u>5,236</u>
No depreciation has been made as no income has been acquired	-	-	-
Net booked amount at end of period	5,696	1,826	5,236
Total intangible assets	27,130	21,509	25,368

Note 3 – Equity and liabilities

All of the Company's debts are non-interest-bearing.

KEY FIGURES

	6 months	6 months	12 months
	Jan-Jun	Jan-Jun	Jan-Dec
	2014	2013	2013
Operating loss, KSEK	-3,678	-2,482	-5,671
Return on equity, %	-9.2	-9.1	-18.9
Solidity, %	97	87	93
Earnings per share, SEK	-0.54	-10.20	-20.50
Liquid assets per share, SEK	1.46	18.98	27.04
Shareholders' equity per share, SEK	7.2	107.6	112.8
Share price per closing, SEK	NA	NA	NA
Share price/Shareholders' equity per share, SEK	NA	NA	NA
Number of share per closing	6,824,318	243,313	274,082

This interim report has not been reviewed by the Company's auditors.

The Board of Directors and the CEO certifies that the interim report gives a fair overview of the business, position and profit or loss of the Company.

FINANCIAL CALENDER

Quarterly report 3, July - September 2014

October 15, 2014

Year-end report

February 27, 2015

Stockholm, August 13, 2014

Ron Long, Chairmen of the Board

Kerstin Uvnäs Moberg, Board member

Christer Sjögren, Board member

Ingvar Viberger, Board member

Nadia Whittlely, Board member

Dan Markusson, CEO

For more information please contact:

Dan Markusson, CEO PEPTONIC medical AB. Phone: +46 768 550 200

Note: This document has been prepared in both Swedish and English. The Swedish version shall govern in case of differences between the two documents. The document contains certain statements about the Company's operating environment and future performance. These statements should only be regarded as reflective of prevailing interpretations. No guarantees can be made that these statements are free from errors.